Update this Quiz

Info   Results   Preview   Edit

202206UECM1404OE4a

Start again

Review of preview

Started on	Monday, 5 September 2022, 03:04 PM
Completed on	Monday, 5 September 2022, 03:05 PM
Time taken	9 secs
Grade	**0** out of a maximum of 10 (**0**%)

1
Marks: 1

A 25-year 2,000 par value bond with 9% semiannual coupons is purchansed to earn a yield of 7% convertible semiannually. What is the price of the bond? _____

Answer: [   ] ✗

Make comment or override grade

Incorrect
Correct answer: 2469.112357
Marks for this submission: 0/1.

2
Marks: 1

Brian buys a 31-year bond with a par value of 1200 and annual coupons. The bond is redeemable at par. Brian pays 1968 for the bond assuming an annual effective yield rate of i. The coupon rate is twice the yield rate. At the end of 8 years, Brian sells the bond for P, which produces the same annual effective yield rate of i for the new buyer. Calculate P. _____

Answer: [   ] ✗

Make comment or override grade

Incorrect
Correct answer: 1837.676379
Marks for this submission: 0/1.

3
Marks: 1

Susan can buy a zero-coupon bond that will pay 6000 at the end of 11 years and is currently selling for 515.3. Instead she purchases a 6% bond with coupons payable semi-annually that will pay 6000 at the end of 9 years. If she pays X she will earn the same annual effective interest rate as the zero-coupon bond. Calculate X. _____

Answer: [   ] ✗

Make comment or override grade

Incorrect
Correct answer: 2125.413309
Marks for this submission: 0/1.

4
Marks: 1

Laura buys two bonds at time 0. Bond X is a 3000 par value 13-year bond with 14% annual coupons. It is bought at a price to yield an annual effective rate of 12%. Bond Y is a 13-year par value bond with 9.45% annual coupons and a face amount of F. Laura pays P for Bond Y to yield an annual effective rate of 12%. During year 5, the write-down in premium (principal adjustment) on bond X is equal to the write-up in discount (principal adjustment) on bond Y. Calculate P. _____

Answer: [   ] ✗

Incorrect
Correct answer: 1967.528272
Marks for this submission: 0/1.

---

5 📝
Marks: 1

A 13-year bond with par value of 7000 is purchased to yield 9% convertible semiannually. Par value equals redemption value. The interest paid portion of the first semiannually coupon is 286.88. At what nominal rate of interest(express in %) convertible semiannually are the coupons paid? _____

Answer: ✗

Incorrect
Correct answer: 7.8211
Marks for this submission: 0/1.

---

6 📝
Marks: 1

John buys a bond that is due to mature at par in 5 year. It has a 600 par value and coupons at 10% convertible semiannually. John pays 746.41 to obtain a yield rate i convertible semiannually, $i > 0$. Calculate i. [Obtain i in 4 decimal places] _____

Answer: ✗

Incorrect
Correct answer: 0.04496
Marks for this submission: 0/1.

---

7 📝
Marks: 1

William buys a 10-year 1000 par value bond with semi-annual coupons paid at an annual rate of 6%. The price assumes an annual nominal yield of 6%, compounded semi-annually. As William receives each coupon payment, he immediately puts the money into an account earning interest at an annual effective rate of i. At the end of 10 years, immediately after William receives the final coupon payment and the redemption value of the bond, William has earned an annual effective yield of 8% on his investment in the bond. _____

Answer: ✗

Incorrect
Correct answer: 0.13316
Marks for this submission: 0/1.

---

8 📝
Marks: 1

On January 1, 2007, and investment account is worth 321,000. On April 1, 2007, the value has increased to 328,000 and 9,400 is withdrawn. On January 1, 2009, the account is worth 329,240. Assuming a dollar weighted method for 2007 and a time weighted method for 2008, the annual effective interest rate was equal to x for both 2007 and 2008. Calculate x. _____

Answer: ✗

Incorrect
Correct answer: 0.027811
Marks for this submission: 0/1.

---

9 📝
Marks: 1

An investment fund has a value of 8,000 at the beginning and the end of the year. A deposit of 1600 was made at the end of 3 months. A withdrawal of 2400 was made at the end of 8 months. Find the rate of interest earned by the fund assuming simple interest during the year. _____

Answer: ✗

Incorrect
Correct answer: 0.095238
Marks for this submission: 0/1.

---

10 📝

Sally lends 30,000 to Tim. Tim agrees to pay back the loan over 8 years with monthly payments payable at the end of each month. Sally can reinvest the monthly payments from Tim in a savings account paying interest at 7%, compounded monthy. The yield rate earned on Sally's investment over the 8-period turned out to be 7.45% compounded semiannually. What nominal rate of interest, compounded monthly, did Sally charge Tim on the loan? _____

Answer: [   ] ✗

Incorrect
Correct answer: 7.7376
Marks for this submission: 0/1.